

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

IN RE:)	
)	
DISTANCE LEARNING SYSTEMS)	CASE NO. 10-14617-JKC-11
INDIANA, INC.,)	
Debtor.)	

DEBTOR'S CHAPTER 11 PLAN OF REORGANIZATION

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ARTICLE I – DEFINITIONS RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Defined Terms

For the purposes of this Plan, the following terms (which appear herein as capitalized terms) shall have the respective meanings as hereinafter set forth; such meanings to be equally applicable to the singular and the plural forms of the terms defined, unless the context otherwise requires. Capitalized terms used in this Plan shall at all times refer to terms defined in this Article I. Unless otherwise provided in the Plan, all terms used herein shall have the meaning assigned to them under the Bankruptcy Code or Rules.

1.1 **“Administrative Claim”** shall mean any Allowed Claim which is a cost or expense of administration which is incurred by the Debtor on or before the Effective Date in connection with the Chapter 11 Case which has priority in accordance with §§503(b), 330 or 507(a)(1) of the Bankruptcy Code, including, but not limited to, the actual and necessary costs and expenses of operating the Debtor’s businesses, all allowances for compensation or reimbursement of fees and expenses to the extent allowed by the Bankruptcy Code and the Rules upon final order of the Court and any quarterly fees owing to the United States Trustee's Office through the Confirmation Date. **All Administrative Claims must be filed with the Court prior to the Effective Date.**

1.2 **“Allowed Claim”** shall mean any Proof of Claim which was timely filed prior to the deadline to be established by the Court to file such Proofs of Claim with the Clerk of the Court, and as to which claim no written objection to the allowance thereof has been interposed within the period of time fixed by the Bankruptcy Code or by a final order of the court, or as to which claim an objection to the claim has resulted in the allowance of a claim, in whole or in part, by a final order of the court.

1.3 **“Allowed Interest”** shall mean an interest in the Debtor to the extent that such interest is listed as such in the Schedule or Statement of Financial Affairs of Debtor on the Confirmation Date; provided, however, that a timely filed Proof of Interest shall supersede any such listing and, in either case, an interest as to which no written objection to the allowance thereof has been interposed within the time period fixed by the Bankruptcy Code or by a final order of the court, or as to which interest and objection to the interest has resulted in the allowance of an interest, in whole or in part, by final order of the court.

1.4 **“Allowed Secured Claim”** shall mean an allowed claim which is secured by a lien, security interest or other charge against or interest in property in which any of the Debtor have an interest, or which is subject to set off under §553 of the Bankruptcy Code, to the extent of the value of such secured claim as determined in accordance with §506(a) of the Bankruptcy Code, which may be reduced by such amounts as may be determined by the court, after notice and a hearing, to be the reasonable and necessary costs and expenses of preserving and disposing of such asset pursuant to §506(c) of the Bankruptcy Code.

1.5 **“Avoidance Actions”** shall mean all avoidance, preference or recovery actions arising under §§ 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code.

1.6 **“Bankruptcy Code”** shall mean title 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.*, and any amendments thereto as applicable to this Chapter 11 Case.

1.7 **“Cash”** shall mean cash and cash equivalents and other readily marketable securities or instruments.

1.8 **“Causes of Action”** means any and all claims, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, whether arising before, on or after the Petition Date in contract or in tort, in law or in equity, or under any other theory of law other than the Avoidance Actions. Without limiting the generality of the foregoing, when referring to Causes of Action of the Debtor or its Estate, “Causes of Action” shall include, but not be limited to: (a) rights of setoff, counterclaim or recoupment and claims on contracts or for breaches of duties imposed by law; (b) the right to object to Claims or Equity Interests; and (c) such claims and defenses as fraud, mistake, duress and usury; however, such Causes of Action, if any, against Chase arising prior to the Confirmation Date compromised and settled under the Plan.

1.9 **“Chapter 11 Case”** shall mean the voluntary case under chapter 11 of the Bankruptcy Code commenced by the Debtor, styled In re Distance Learning Systems Indiana, Inc., Case No. 10-14617-JKC-11.

1.10 **“Christy Contribution”** shall mean Derrick Christy’s capital contribution to the Reorganized Debtor of seventy-five thousand (\$75,000.00), payable on the Effective Date.

1.11 **“Claim”** shall mean any claim as defined by §101(5) of the Bankruptcy Code and any other debt or obligation of whatever character of the Debtor through the Petition Date.

1.12 **“Claimant”** shall mean any Holder of a Claim against the Debtor that arose on or before the Petition Date or a Claim against the Debtor’s estate of a kind specified in §502(g), §502(h) or §502(i) of the Bankruptcy Code.

1.13 **“Class”** shall mean a category of substantially similar claims or interests.

1.14 **“Confirmation”** shall mean the entry of the Confirmation Order.

1.15 **“Confirmation Date”** shall mean the date upon which the Confirmation Order is entered by the Court and becomes a final order.

1.16 **“Confirmation Order”** shall mean the Final Order entered by the Court confirming the Plan.

1.17 **“Court”** shall mean the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division, including any bankruptcy judge thereof, and any court having competent jurisdiction to review orders of, or to hear appeals from the bankruptcy judge(s) thereof.

1.18 **“Debtor”** shall mean Distance Learning Systems Indiana, Inc.

1.19 **“Deficiency Claim”** shall mean an Allowed Claim against any of the Debtor equal to the amount by which the aggregate claim exceeds the sum of any set off rights of the holder against the Debtor, plus the net proceeds realized from the disposition of the collateral securing such claim or, if such collateral is not liquidated to cash, the value of the interest of the holder in Debtor’s interest in the collateral securing such claim; provided, however, that if the holder of such claim makes the election provided in §1111(b) of the Bankruptcy Code, or such claim is a non-recourse claim or obligation, there shall be no deficiency claim with respect to such claim.

1.20 **“Disclosure Statement”** shall mean the disclosure statement filed contemporaneously with this Plan pursuant to §1125 of the Bankruptcy Code.

1.21 **“Disputed Claim”** shall mean a claim as to which written objection to the allowance or classification thereof, in whole or in part, has been timely filed by any party in interest and as to which no final order or judgment sustaining such objection or allowing or disallowing such claim, in whole or in part, has been entered by the Court.

1.22 **“Distribution Date”** shall mean the day which is thirty (30) days after the Effective Date of the Plan, or in the event Disputed Claims are not yet resolved, no later than thirty (30) days after all Disputed Claims have been resolved, and should such day under either scenario fall on a weekend or holiday as listed in Bankruptcy Rule 9006, the first business day immediately thereafter.

1.23 **“Effective Date”** shall be the date on which the Confirmation Order becomes a Final Order.

1.24 **“Entity”** shall mean any Person, estate, trust, governmental unit, and the United States Trustee.

1.25 **“Equity Interest”** shall mean an ownership, membership or partnership interest in the Debtor, including any existing options, warrants or rights, contractual or otherwise, to acquire such Equity Interest.

1.26 **“Executory Contracts”** shall mean all contracts and leases of both real and personal property, the performance of which has not been completed by both parties.

1.27 **“Final Order”** shall mean an order or judgment of the Court as to which the time to appeal, petition for certiorari, or seek reargument or rehearing has expired and as to which no appeal, reargument, certiorari petition, or rehearing is pending, or if an appeal, reargument,

certiorari or rehearing thereof has been sought, the order of the Court has been affirmed by the highest court to which the order was appealed or from which the reargument or rehearing was sought, or certiorari has been denied, or the appeal is dismissed or rendered moot, and the time to take any further appeal or to seek certiorari or further reargument or rehearing has expired.

1.28 **“Holder”** shall mean a Person or Entity holding an Allowed Interest or Claim.

1.29 **“Interest”** shall mean the legal, equitable and contractual rights resulting from being a holder of any equity interest in the Debtor, including but not limited to, any stock certificates issued by the Debtor and the certificates, if any, representing such interests.

1.30 **“Paid in Full” or “Pay in Full”** shall mean, with respect to an Allowed Claim, either the payment of the principal balance and all interest accrued on that principal balance prior to the Petition Date, or the payment of an Allowed Claim in accordance with an agreement entered into between the Debtor and holder prior to the Petition Date or the satisfaction and release of an Allowed Claim by any other means.

1.31 **“Person”** shall mean an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, trustee, United States Trustee, estate, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency, or political subdivision thereof, or other Entity.

1.32 **“Petition Date”** shall mean September 28, 2010.

1.33 **“Plan”** shall mean this Plan of Reorganization and any amendment thereto and modification thereof.

1.34 **“Priority Claim”** shall mean an allowed unsecured claim entitled to priority under §§507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code.

1.35 **“Pro Rata”** shall mean in the same proportion that the amount of any allowed claim or allowed interest in a class bears to the aggregate amount of all claims or interests in such class, including in such aggregate amount both the allowed claims and any then unresolved disputed claims in such class as of the date of any distribution payment pursuant to this Plan.

1.36 **“Reorganized Debtor”** shall mean the Debtor post-confirmation which will be owned by the New Owner.

1.37 **“Rules”** shall mean all rules applicable to or adopted by the Court, including but not limited to the Federal Rules of Bankruptcy Procedure, the Federal Rules of Civil Procedure, the Federal Rules of Evidence, and the Local Rules of the Court.

1.38 **“Unsecured Claims”** shall mean any allowed claim which is not a secured claim, priority claim, or tax claim, including but not limited to any claim arising under any executory contract or unexpired lease which has been rejected, any Deficiency Claim, any claim of a

general trade creditor, any claim for unpaid wages or benefits (including claims for vacation, sick and holiday pay) to the extent not entitled to be priority claim and any other obligation, liability or claim of any kind or nature held against the Debtor which was incurred on or before the Confirmation Date.

B. Rules of Interpretation

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) unless otherwise provided in the Plan, any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or Exhibit filed or to be filed means such document or Exhibit, as it may have been or may be amended, modified or supplemented pursuant to the Plan, Confirmation Order or otherwise; (d) any reference to an entity as a holder of a Claim or Interest includes that entity's successors, assigns and affiliates; (e) all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) the words "herein," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) subject to the provisions of any contract, articles or certificates of incorporation, bylaws, codes of regulation, similar constituent documents, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Rules; and (i) the rules of construction set forth in section 102 of the Bankruptcy Code will apply to the extent not inconsistent with any other provision of this Section I.B.1.

C. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II - CLASSIFICATION OF CLAIMS AND INTERESTS

Claims and Equity Interests are classified for all purposes, including voting, confirmation and distribution pursuant to the Plan, as follows:

2.1 Class 1: Administrative Claims (Court Costs and Professional Fees). Class 1 consists of the Holders of Claims for costs and expenses of administration, including: (a) Court costs and professional fees incurred by the Debtor on or after the Petition Date or otherwise incurred in connection with the Chapter 11 Case to the extent allowed by the Court and payable by the Debtor pursuant to §§ 330 or 503(b) of the Bankruptcy Code; and (b) fees payable to the United States Trustee, all of which have priority under § 507(a)(2) of the Bankruptcy Code.

2.2 Class 2: Alternative Debt Portfolio, LLC Secured Claims. Class 2 consists of the Claim of Alternative Debt Portfolio, LLC.

2.3 Class 3: Jeanene Christy Secured Claims. Class 3 consists of the Allowed Secured Claim of Jeanene Christy.

2.4 Class 4: Universal Guardian Acceptance, LLC Secured Claims. Class 4 consists of the Allowed Secured Claim of Universal Guardian Acceptance, LLC.

2.5 Class 5: Allowed Non-Priority, Unsecured Claims. Class 5 consists of Holders of non-priority, unsecured Allowed Claims, including Claims arising from the rejection of Executory Contracts or creditors who contend they may be due refunds from the Debtor from purchased materials

2.6 Class 6: Equity Interest. Class 6 consists of Holders of Equity Interest in Debtor.

ARTICLE III - TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

3.1 Class 1: Administrative Claims (Court Costs and Professional Fees). Class 1 is not impaired. Except to the extent that the Debtor and a Holder of a Class 1 Allowed Claim agree to a different treatment, Class 1 Allowed Claim Holders will be Paid in Full, in Cash by the Reorganized Debtor, upon the later of: (a) the Distribution Date; or (b) as soon as practicable after the Claim has become a Class 1 Allowed Claim.

3.2 Class 2: Alternative Debt Portfolio, LLC Secured Claims. The Class 2 Claim shall be disallowed in its entirety and receive no distribution as it is not believed to be owed any money by the Debtor.

3.3 Class 3: Jeanene Christy Secured Claims. Class 3 is impaired. The Class 3 Allowed Secured Claim shall be allowed in the amount listed in the Debtor's Schedules, plus all accrued interest. As soon as practicable after the Effective Date, such Allowed Secured Claim shall be satisfied by execution by the Reorganized Debtor assuming ownership, possession and control of the assets currently owned, possessed and controlled by Debtor, of amended and restated loan documents in form and substance acceptable to such Reorganized Debtor and Jeanene Christy. The Holders Allowed Class 3 Claims shall be deemed to have waived and forever released the right to participate in any distributions to Class 5 Claims.

3.4 Class 4: Universal Guardian Acceptance, LLC Secured Claims. Class 4 is not impaired. The Class 4 Allowed Secured Claim shall be allowed in the amount listed in the Debtor's Schedules. The Holders Allowed Class 4 Claims shall be deemed to have waived and forever released the right to participate in any distributions to Class 5 Claims. The Reorganized Debtor shall continue to be bound by the same terms, conditions and documents previously executed by the parties.

3.5 Class 5: Allowed Non-Priority, Unsecured Claims. Class 5 is impaired. The Holders of a Class 5 Allowed Claim shall share Pro Rata in one or more distributions to be made on the Distribution Date and funded by the Christy Contribution.

3.6 Class 6: Equity Interest. Class 6 is not impaired. The Equity Interests of the pre-petition shareholders of the Debtor remain unchanged following Confirmation.

ARTICLE IV - EXECUTORY CONTRACTS

4.1 Treatment of Executory Contracts. Except as otherwise provided in the Plan effective on and as of the Effective Date any and all Executory Contracts that exist between the Debtor and any party which: (a) have not expired or terminated pursuant to their own terms; (b) have not previously been assumed, assumed and assigned, or rejected pursuant to an order of the Court on or prior to the Confirmation Date; (c) are not subject of pending motions to assume, or assume and assign, or reject as of the Confirmation Date or (d) have not been breached by any non-Debtor party thereto shall be rejected by the Debtor on the Effective Date. The Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute an order of the Court: (a) approving such assumption as of the Effective Date pursuant to §§ 365 and 1123(b)(2) of the Bankruptcy Code and this Article; (b) extending the time, pursuant to § 365(d)(4) of the Bankruptcy Code and this Article, within which the Debtor may assume, assume and assign, or reject such Executory Contracts through the date of entry of an order approving the assumption, assumption and assignment, or rejection of such Executory Contract; and (c) approving, pursuant to §§ 365(a) and 1123(b)(2) of the Bankruptcy Code, the rejection of the Executory Contracts pursuant to this Article.

4.2 Cure of Defaults for Assumed Executory Contracts. The Reorganized Debtor will satisfy all undisputed cure and any other monetary defaults payments required by § 365(b)(1) of the Bankruptcy Code under any assumed Executory Contract, to the extent any such Executory Contract is in default (and to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law), or the counter-party to such Executory Contract has not waived any monetary amounts arising prior to the Petition Date, by: (a) the payment of such undisputed cure amounts in twelve equal monthly installments commencing on the Distribution Date and continuing on the same day of each month thereafter until Paid in Full; or (b) to the extent such cure amount is contested or otherwise disputed, the payment shall be in twelve equal monthly installments, unless otherwise ordered by the Court, commencing thirty days following the entry of a Final Order determining the cure amount and continuing on the same day of each month thereafter until Paid in Full. Executory Contract cure obligations, if not previously determined by an order of the Court prior to the Effective Date, may be paid without further order of the Court if such cure amounts are agreed to by the Debtor and the counter-party to such an Executory Contract. To the extent the Debtor and the counter-party to an Executory Contract cannot agree as to a particular cure amount, then such amounts will be determined by the Court after notice and a hearing.

4.3 Resolution of Objections to Assumption of Executory Contracts or Cure Payments. Any party objecting to: (a) the Debtor's proposed assumption of any Executory

Contract; or (b) (i) the amount of any cure payments, if any (which is the only monetary cure amount, if any, that the Debtor shall be obligated to pay in connection with the assumption of any such Executory Contract unless the Court orders otherwise), (ii) the ability of the Debtor to provide “adequate assurance of future performance” (within the meaning of § 365 of the Bankruptcy Code) under the Executory Contract, or (iii) any other matter pertaining to the assumption or the cure payments required by § 365(b)(1) of the Bankruptcy Code, shall file and serve a written objection to the assumption of such Executory Contract or the cure payments, if any, that the Debtor propose to make in connection with such assumption and assignment on or before the deadline set by the Court for filing objections to Confirmation of the Plan. Failure to file an objection within the time period set forth herein shall constitute: (a) consent to the assumption of those Executory Contracts, including an acknowledgement that the proposed assumption provided adequate assurance of future performance; and (b) consent to the cure amount, if any.

To the extent that any objections to the assumption of an Executory Contract are based upon the assertion that the Debtor is unable to provide adequate assurance of future performance under such Executory Contract, the Court shall hear and determine such objection at the hearing on Confirmation of the Plan.

To the extent that any objections to the cure amounts are timely filed and served and such objections are not resolved between the Debtor and the objecting parties, the Court shall resolve such disputes at a hearing to be held at a date to be determined by the Court. The resolution of such disputes shall not affect the Debtor’s assumption of the Executory Contracts that are the subject of such a dispute but rather shall affect only the “cure” amount the Debtor must pay in order to assume such Executory Contract. Notwithstanding the immediately preceding sentence, if the Debtor, in its sole discretion, determines that the amount asserted to be the necessary “cure” would, if ordered by the Court, make the assumption of the Executory Contract imprudent, then the Debtor may elect to reject the Executory Contract or seek an immediate hearing on the cure amount and reserve its right to reject the Executory Contract pursuant to this Article following the Court’s decision.

4.4 Indemnification Obligations. Except for the indemnification obligations of the Debtor: (a) to its current and former officers, directors, general partners or control parties from acts or conduct arising after the Petition Date; and (b) under any Executory Contract that the Debtor assumes, any obligation of the Debtor pursuant to its limited partnership agreement, as amended, codes of regulation, applicable state law or specific agreements, or combination of the foregoing, to indemnify or reimburse a Person with respect to all present and future actions, suits and proceedings, based upon any act or omission related to service with or for or on behalf of the Debtor, shall not survive Confirmation and shall be discharged in accordance with § 1141 of the Bankruptcy Code, irrespective of whether such indemnification or reimbursement is owed in connection with an event occurring before, on or after the Petition Date.

ARTICLE V - MEANS FOR EXECUTION OF THE PLAN

5.1 Funding of the Plan. The Plan will be funded by a capital contribution by Derrick Christy to the Reorganized Debtor in the amount of \$75,000.

5.2 Authorization to Effectuate the Plan. The entry of the Confirmation Order shall constitute authorization for the Debtor and/or Reorganized Debtor to take or cause to take all actions necessary and appropriate to consummate and implement the Plan prior to and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to applicable non-bankruptcy law and the Bankruptcy Code, without any requirement of further action by the Debtor and/or Reorganized Debtor. On or before the Effective Date, the Reorganized Debtor shall be authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan.

5.3 Vesting of Assets in the Reorganized Debtor. Except as otherwise provided in the Plan, or the Confirmation Order, all of the assets, properties and rights of the Debtor of every type and description, tangible, intangible, wherever located, shall be transferred and automatically vested with the Reorganized Debtor free and clear of all liens, claims, rights of setoff, security interests, pledges, encumbrances, adverse rights of interest, covenants, charges, debts and contractually imposed restrictions, and all such liens, claims, rights of setoff, security interests, pledges, encumbrances, adverse rights of interest, covenants, charges, debts and contractually imposed restrictions shall be extinguished. All Causes of Action (under any theory of law or equity, including, without limitation, the Bankruptcy Code, and in any court or other tribunal including, without limitation, in an adversary proceeding filed in the Chapter 11 Case of the Debtor shall transfer to the Reorganized Debtor, who shall then have the right to commence and pursue all Causes of Action.

ARTICLE VI - RELEASE, INJUNCTIVE AND RELATED PROVISIONS

6.1 Compromise, Settlement and Release. The allowance, classification and treatment of all Allowed Secured Claims in Classes 3 and 4 takes into account any Causes of Action and Avoidance Actions, claims or counterclaims, whether under the Bankruptcy Code or otherwise applicable law, that may exist among the Debtor and the Holders of such Claims or among the Holders of such Claims and other Holders of Claims or Equity Interests, and, as of the Effective Date, any and all such Causes of Action, Avoidance Actions, claims and counterclaims are settled, compromised and released pursuant hereto, including, but not limited to, from any and all Claims (as defined in §101(5) of the Bankruptcy Code) obligations, rights, suits, damages, Causes of Action, Avoidance Actions, remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, the Debtor would have been legally entitled to assert in its own right or on behalf of the Holder of any Claim or Equity Interest or any other Person or Entity, based in whole or in part, upon any act or omission, transaction, agreement, event or other occurrences taking place on or before the date of Confirmation. The Confirmation Order shall permanently enjoin, effective as of the Effective Date, all Persons and Entities from enforcing or attempting to enforce any such contractual, legal

and equitable subordination rights or Causes of Action, Claims or counterclaims against such Holder which are satisfied, compromised and settled in this manner.

6.2 Exculpation. Except as otherwise specifically provided in this Plan, none of the Debtor, Reorganized Debtor or any of such parties' employees, representatives, shareholders, advisors, attorneys, financial advisors, investment bankers or agents or any of such parties' successors and assigns, shall have or incur, and are hereby released from, any Claim, obligation, cause of action or liability to one another or to any Holder of a Claim or an Interest, or any other party in interest, or any of their respective officers, directors, shareholders, members and/or enrollees, employees, representatives, advisors, attorneys, financial advisors, investment bankers, agents, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the negotiation and pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, or any other prepetition or postpetition act taken, or omitted to be taken, in connection with, or in contemplation of the Debtor's restructuring or the Chapter 11 Case except for their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under this Plan. Notwithstanding any other provision of this Plan, neither any Holder of a Claim or Interest, or other party in interest, nor any of their respective officers, directors, shareholders, members and/or enrollees, employees, representatives, advisors, attorneys, financial advisors, investment bankers, agents or affiliates, and no successors or assigns of the foregoing, shall have any right of action against any of the Debtor, Reorganized Debtor or any of such parties' employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents or such parties successors and assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the negotiation and pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for such Persons' gross negligence or willful misconduct.

6.3 Preservation of Rights of Action.

(a) Maintenance of Causes of Action. The Reorganized Debtor, pursuant to § 1123(b)(3), shall be entitled to the exclusive right, authority and discretion to institute, prosecute, abandon, settle, or compromise, as appropriate, any and all Causes of Action, except the Avoidance Actions which are expressly waived and released, whether arising before or after the Petition Date, in any court or other tribunal including, without limitation, in an adversary proceeding filed in this Chapter 11 Case or a related proceeding. In deciding to waive Avoidance Actions, the Debtor investigated transfers within the 90 days prior to the Petition Date as well as transfers to insiders. This investigation revealed that there would be nothing to gain from pursuing any such Avoidance Actions in this Chapter 11 Case. All parties are waiving the right to compel the Debtors to bring such Avoidance Actions or to bring such Avoidance Actions themselves except as otherwise specifically provided in the Plan.

(b) Preservation of All Causes of Action Not Expressly Settled or Released. Unless a Cause of Action against a Person is expressly waived, relinquished, released,

compromised or settled in the Plan or any Final Order the Debtor expressly reserve such Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action upon or after Confirmation based on the Disclosure Statement, the Plan or the Confirmation Order, except where such Claims or Causes of Action have been waived, relinquished, released, compromised or settled in the Plan, the Confirmation Order or a Final Order. In addition, the Debtor and expressly reserve the right to pursue or adopt any Cause of Action not so waived, relinquished, released, compromised or settled that are alleged in any lawsuit in which the Debtor is a defendant or an interested party, against any Person or Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits. Any Person to whom the Debtor has incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtor or a transfer of money or property of the Debtor, or who has transacted business with the Debtor, or leased equipment or property from the Debtor should assume that such obligation, transfer, or transaction may be reviewed by the Debtor subsequent to the Effective Date and may, to the extent not theretofore waived, relinquished, released, compromised or settled, be the subject of an action after the Effective Date, whether or not (i) such Person has filed a proof of claim against the Debtor in the Chapter 11 Case; (ii) such Person's proof of Claim has been objected to; (iii) such Person's Claim was included in the Schedules; or (iv) such Person's scheduled Claim has been objected to by the Debtor or has been identified by the Debtor as disputed, contingent, or unliquidated.

6.4 Discharge of Claims. Except as otherwise provided herein: (a) the rights afforded herein and the treatment of all Claims and Equity Interests herein, shall be in exchange for and in complete satisfaction, discharge and release of Claims of any nature whatsoever, including any interest accrued on Claims and/or Equity Interests from and after the Petition Date, against the Debtor or any of its assets or properties; (b) on the Effective Date, all such Claims against the Debtor shall be satisfied, discharged and released in full; and (c) all Persons shall be precluded from asserting against the Debtor, its successors or its assets or properties any other or further Claims based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date upon the Effective Date.

6.5 Injunction. Except as otherwise expressly provided in the Plan or obligations issued pursuant to the Plan, all Persons who have held, hold or may hold Claims against or Equity Interests in the Debtor are permanently enjoined, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Debtor and its respective officers, directors, managers, shareholders and members, and the employees, agents, and professionals of each of the foregoing (acting in such capacity); (b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against those parties listed in subparagraph (a) above; (c) creating, perfecting, or enforcing any encumbrance of any kind against those parties listed in subparagraph (a) above, or the property or estates of those parties listed in subparagraph (a) above; (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from those parties listed in subparagraph (a)

above or against the property or estates of those parties listed in subparagraph (a) above with respect to any such Claim; and (e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim, Equity Interest, or Cause of Action released or settled under the Plan.

ARTICLE VII - ACCEPTANCE OR REJECTION OF THE PLAN

7.1 Voting of Claims. Each Holder of an Allowed Claim or Allowed Secured Claim in an impaired Class shall be entitled to vote to accept or reject this Plan by following the procedures set forth herein and in the Disclosure Statement. For the purposes of calculating the number of Allowed Claims or Allowed Secured Claims in a Class that have voted to accept or reject the Plan under § 1126(c) of the Bankruptcy Code, an Allowed Claim or Allowed Secured Claim in such Class held by one entity or affiliate thereof (as defined in the Securities Act of 1933 and the rules and regulations promulgated thereunder) shall be aggregated and treated as one Allowed Claim or Allowed Secured Claim in such Class.

7.2 Acceptance by a Class. Consistent with § 1126(c) of the Bankruptcy Code, and except as provided for in § 1126(e) of the Bankruptcy Code, a Class shall have accepted the Plan if it is accepted by at least two-thirds in dollar amount and more than one-half in number of the holders of Allowed Claims or Allowed Secured Claims of such Class that have timely and properly voted to accept or reject the Plan.

7.3 Cramdown. The Debtor shall utilize the provisions of § 1129(b) of the Bankruptcy Code to satisfy the requirements for Confirmation of the Plan over the rejection, if any, of any Class entitled to vote to accept or reject the Plan.

ARTICLE VIII PROVISIONS GOVERNING DISTRIBUTIONS

8.1 Deadline to File Claims. Those parties purporting to hold an Allowed Claim, as defined in the Plan, shall file a proof of claim if such party believes it holds a valid Claim and believes it was either listed incorrectly on the Debtor's petition and schedules, or believes their purported claim was omitted from the Debtor's petition and schedules altogether, on or before the deadline to be set by the Court. **Any party believing its Claim was correctly listed and scheduled on the Debtor's petition and schedules will not need to file a proof of claim.**

8.2 Objections to Claims. The failure by the Debtor to object to or to examine any Claim shall not be deemed to be a waiver of the right to object to or to examine such Claim in whole or in part to determine its allowability for payment. No party shall be required to object to any Claim where no purpose would be served.

8.3 Resolution of Disputed Claims. Unless otherwise ordered by the Court after notice and a hearing, the Debtor shall have the right to make and file objections to Claims and shall serve a copy of each objection on the Holder of the Disputed Claim. All objections shall be litigated to a Final Order except to the extent the party who raised the objection elects to

withdraw any such objection or such party and the Claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Court.

8.4 Estimation. The Debtor may, at any time, request that the Court estimate any Disputed Claim pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such Claim, and the Court will retain jurisdiction (pursuant to Article XI of the Plan) to estimate any Claim at any time, including during litigation concerning any objection to such Claim. In the event that the Court estimates any Disputed Claim, that estimated amount may constitute either the amount of the Allowed Claim or a maximum limitation of such Claim, as determined by the Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. To the extent the party who raised the objection elects to withdraw any such objection or such party and the Claimant elect to compromise, settle or otherwise resolve any such objection, the parties may settle, compromise or otherwise resolve any Disputed Claim without approval of the Court.

8.5 Payment to Classes Formerly Containing a Disputed Claim. If, on and after the Distribution Date, a Disputed Claim becomes an Allowed Claim and therefore is entitled to payment under this Plan, the Debtor shall distribute payment to such Holder of an Allowed Claim as provided in Article III of this Plan as soon thereafter as is practicable from the date the Disputed Claim becomes an Allowed Claim; provided however, such distributions shall not provide the Holder of a Disputed Claim more than it would have received had it held an Allowed Claim at the time of any prior distributions under Article III.

8.6 Delivery of Distributions and Undeliverable Distributions. Distributions to the Holders of Allowed Claims shall be made at the address of each such Holder as set forth in the Schedules filed with the Court unless superseded by the address as set forth on the proof(s) of claim filed by such Holder or other writing notifying the Debtor of a change of address. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless the Debtor are notified of a new address within sixty (60) days after the date such distribution is made to such Holder's address as last known by the Debtor. Should such Holder notify the Debtor of its current address within the time frame provided above, the Debtor shall make any undelivered distributions to the Holder's new address, without interest.

In the event that a Holder of a Claim does not notify the Debtor of a new address within sixty (60) days of a distribution being returned as undeliverable, and the Debtor, after reasonably diligent efforts, are unable to find a new address within such time period, all prior distributions to that Holder returned as undeliverable shall become property of the Debtor and no further distributions to such Holder shall be made. Any Holder of an Allowed Claim relating to an undeliverable distribution who does not assert such entitlement within the timeframes set forth in this Article shall have its Claim discharged and forever barred as against the Debtor, the Estate, and their creditors and any obligation to such Holder shall be deemed null and void.

8.7 Time Bar to Cash Payments. Checks issued by the Debtor with respect to Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Debtor by the Holder of the Allowed Claim to whom such check was originally issued within sixty (60) days after the date the check was originally issued.

8.8 Professional Fees and Expenses. Each professional Person or Entity retained with approval by order of the Court or requesting compensation in the Chapter 11 Case pursuant to §§ 330, 331 or 503(b) of the Bankruptcy Code shall be required to file an application for an Allowance of final compensation and reimbursement of expenses in the Chapter 11 Case incurred through the Effective Date. Objections to any such application shall be filed on or before a date to be set by the Court. All compensation and reimbursement of expenses allowed by the Court shall be paid by the Debtor or Reorganized Debtor no later than fifteen (15) days after entry of the order allowing such fees and expenses.

ARTICLE IX - EFFECTS OF CONFIRMATION

9.1 Release of Assets. Until the Effective Date, the Court shall retain jurisdiction over the Debtor and its Estate, assets and properties. On the Effective Date, except as specifically provided in this Plan, all property of the Debtor and all rights of the Debtor shall be removed from the jurisdiction of the Court and the Debtor may use, acquire, sell, assign, transfer, license or dispose of property free from any restrictions of the Bankruptcy Code or the Rules, subject to the requirements of this Plan and the Confirmation Order.

9.2 Binding Effect. Except as otherwise provided in § 1141(d)(3) of the Bankruptcy Code, on and after the Effective Date, the provisions of the Plan shall bind any Holder of a Claim against the Debtor and its respective successors and assigns, whether or not the Claim is impaired under the Plan and whether or not such Holder has accepted the Plan.

9.3 Term of Injunction or Stays. Unless otherwise provided herein or by an order of the Court, all injunctions or stays provided for in the Chapter 11 Case pursuant to §§ 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until all distributions required to be made under this Plan have been made.

9.4 Injunction. On and after the Effective Date, all Persons and/or Entities are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) on account of or respecting: (a) any Claim, debt, interest or right of or against the Debtor; and (b) any Cause of Action or Avoidance Action of the Debtor for which the Debtor retains sole and exclusive authority to pursue in accordance with § 6.3 of this Plan.

ARTICLE X - RETENTION OF JURISDICTION

The Court shall retain jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and this Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (1) To hear and determine pending applications for the rejection of Executory Contracts, if there are any pending, and the allowances of Claims resulting therefrom;
- (2) To determine any and all adversary proceedings, applications, contested matters, and Causes of Action (whether filed before or after the Effective Date);
- (3) To hear and determine any objections to, or requests for estimation of, Claims (whether filed before or after the Effective Date);
- (4) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;
- (5) To issue such orders in aid of execution of the Plan, to the extent authorized by § 1142 of the Bankruptcy Code;
- (6) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Court, including, without limitation, the Confirmation Order;
- (7) To hear and determine all applications for compensation and reimbursement of expenses of professionals under §§ 330, 331, and 503(b) of the Bankruptcy Code;
- (8) To hear and determine disputes arising in connection with the retention or compensation of attorneys and other professionals retained pursuant to §§ 327 and 328 of the Bankruptcy Code;
- (9) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan and the Confirmation Order;
- (10) Ensure that distributions to Holders of Allowed Claims are accomplished as provided in this Plan;
- (11) Determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (12) Hear and determine other issues presented or arising under this Plan, including disputes among Holders of Claims, and arising under agreements, instruments and documents executed in connection with this Plan;

(13) To hear and determine matters concerning state, local and federal taxes in accordance with §§ 346, 505 and 1146 of the Bankruptcy Code;

(14) To hear any other matter related hereto and not inconsistent with the Bankruptcy Code; and

(15) To enter a final decree closing the Chapter 11 Case.

ARTICLE XI - MODIFICATION OF THE PLAN

The Debtor reserves the right, in accordance with the Bankruptcy Code and the Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Order, the Debtor may, upon notice, or hearing and an order of the Court, amend or modify the Plan in accordance with § 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A Holder of a Claim or Equity Interest that is deemed to have accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder.

ARTICLE XII - DISCHARGE OF THE DEBTOR

Except as otherwise provided in § 1141(d), the Plan, or the Confirmation Order, Confirmation of the Plan shall discharge the Debtor from any debt that arose before the Confirmation Date and any debt of a kind specified in §§ 502(g), (h) or (i) of the Bankruptcy Code, whether or not:

- (a) a proof of Claim based upon such debt is filed under § 501 of the Bankruptcy Code;
- (b) a Claim based upon such debt is allowed under § 502 of the Bankruptcy Code; or
- (c) the Holder of a Claim based upon such debt has accepted the Plan.

ARTICLE XIII - MISCELLANEOUS PROVISIONS

13.1 Courts of Competent Jurisdiction. If the Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

13.2 Post-Confirmation Date Fees and Expenses of Professionals. After the Effective Date, the Debtor shall, without the necessity for any approval by the Court, pay the reasonable fees and expenses of the professional Persons employed by the Debtor in connection with the implementation and consummation of the Plan and any other matters as to which such professionals may be engaged.

13.3 Payment of Statutory Fees. All fees payable pursuant to Chapter 123 of Title 28, United States Code, as determined by the Court on the Confirmation Date, shall be paid on the Distribution Date. Any statutory fees accruing after the Confirmation Date shall be paid by the Debtor. The Debtor shall be responsible for preparing and filing post-Confirmation reports and shall make payment of the post-Confirmation statutory fees.

13.4 Severability. In the event that the Court determines, prior to the Confirmation Date, that any provision of the Plan is invalid, void or unenforceable, the Court shall, with the consent of the Debtor, have the power to alter and interpret such term or provision to make it valid and enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision to be held invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

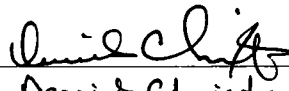
13.5 Governing Law. Except to the extent that the Bankruptcy Code or the Rules are applicable, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Indiana, without giving effect to the principles of conflicts of law thereof.

13.6 Headings. Headings used in this Plan are for convenience and reference only, and shall not constitute part of the Plan for any other purpose.

[Signatures on following page]

Dated October 24, 2011

Distance Learning Systems Indiana, Inc.

By: 
Name: Derrick Christy
Title: CFO

Counsel to the Debtor

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